



July 8, 2008

2008 JUL 14 P 1:31

Mr. Jeff S. Jordan Supervisory Attorney Federal Election Commission 999 E Street, NW Washington, DC 20463

Dear Mr. Jordan:

This is in response to MUR 6024; a complaint filed by Lawrence F. Stiles, that alleges the William Russell for Congress Committee and I as Treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act").

Background:

Lt. Col. William Russell is a career U.S. Army officer who left the service in late 2007 with the intention of running for Congress in Pennsylvania's 12th Congressional District. In February 2008, and continuing into April, he was called to Active Guard Reserve Duty for a total of twenty-one (21) days. Then on April 30th, Lt. Col. Russell was called to active duty as part of the Army's Contingency Operations Active Duty Service. His active duty status will remain in effect until July 31st when his retirement will become effective.

In the autumn of 2007, Mr. Stiles attached himself to the William Russell for Congress campaign as an enthusiastic volunteer, with visions of becoming the Campaign Manager. It soon became apparent that Mr. Stiles had neither the skills, nor the energy to serve in that role. In an effort to acknowledge his volunteer hours, the campaign offered Mr. Stiles a supervised position, but he was unwilling to accept the supervision and left the campaign. Later, when his many run-ins with law enforcement agencies was brought to light, including an outstanding warrant for his arrest, Lt. Col. Russell had no choice but to ask Mr. Stiles to refrain from any involvement with the campaign. This action enraged Mr. Stiles and he has vowed vengeance against the candidate and his campaign.

There are eight (8) issues raised by Mr. Stiles and the Committee will address each individually:

Item #1:

"Russell established a campaign headquarters in an apartment in downtown Johnstown in October of 2007; however, Russell has failed to disclose any rent or lease payments on any of his campaign finance reports."

The candidate's decision to move to Pennsylvania to run for Congress meant that he would be required to establish residency in the District. Therefore, he rented an apartment in Johnstown for that purpose. One of the conditions stipulated by the landlord required that the apartment be used as a residence and <u>not</u> as a campaign headquarters. Lt. Col. Russell has abided by that stipulation and as of this writing; the Committee has yet to open a headquarters.

"Russell's Statement of Candidacy and Organization were filed on December 19, 2007. His campaign fundraising had been anemic – virtually all of his campaign activity had been self-financed. Payment of Russell's and Larry Stiles' meals and travel; and rental of an RV for the campaign's announcement tour (video of tour; website; Russell & Stiles expense reimbursement) and other expenses were paid with Russell's personal credit card,"

Some of the early expenses of the campaign were paid for by the candidate and he also loaned his campaign \$10,000 in January 2008 as evidenced in the Committee's 1st Quarter 2008 FEC Disclosure Report. There were disbursements made by the candidate that were not reported on the Year-End Disclosure Report because Mr. Stiles who had the campaign records in his possession, either retained or destroyed the documentation. The campaign has painstakingly reconstructed the missing documentation and amended its FEC Reports to disclose the missing activity.

<u>Item #3</u>:

"On January 25, 2008, Russell had a Meet the Candidate Night at City View Bar & Grill, a commercial establishment located at 709 Edgehill Dr., Johnstown, PA, a true and correct copy of the Tribune Democrat article dated January 25, 2005 (sic), is attached hereto, and incorporated by reference herein, as Exhibit D."

The campaign did sponsor a Meet the Candidate Night at the City Bar & Grill on January 25, 2008. The expenses for the evening totaled \$613.66 plus a deposit of \$265 and were paid for by the candidate. The amended report discloses this amount as an outstanding debt to the candidate.

Item #4:

"The use of a website by Russell raises a number of noteworthy issues. On one hand, if Russell was responsible for creating the website and provided it to Russell's campaign free of charge, it is a violation of federal law regarding in-kind contributions."

The Committee's website was initially created by the candidate, with internet and web hosting expenses of Atlantic Broadband paid for by the candidate and disclosed on the Committee's amended reports.

<u>Item #5</u>:

"Political committees must include a disclaimer on all "public communications" regardless of whether the communication expressly advocates the election or defeat of a clearly identified candidate or solicits funds in connection with a federal election. Specific examples of public communications that would require a disclaimer include a political committee's website, newspaper advertisements, and printed materials."

Mr. Stiles has provided the Commission with a copy of a fundraising letter sent by the Committee, but has failed to provide a copy of the response device. The required disclaimer can be found at the bottom of the response device at Attachment "A". The disclaimer used on the website did not meet all the requirements set forth at §110.11; therefore the committee has hired



Churchill Strategies, Inc. to create a more professional website, and one that meets all the requirements of the Campaign Finance Laws and Regulations.

<u> Item #6:</u>

"Russell's solicitations for contributions by mail do not contain the...[required language]."

To some extent, Mr. Stiles is repeating allegation #5 by claiming that the required disclaimer language is not provided on the fundraising solicitation letters. As stated previously, the disclaimer language in provided on the mailing's response device, provided as Attachment "A".

<u>Item #7:</u>

"Russell failed to disclose at least 12 individual contributions..."

The Committee received contributions through its website that were not originally reported on the Year-End Disclosure Report, because Mr. Stiles took that information with him when asked to leave the campaign at the start of January 2008. A listing of the contributions received by the twelve (12) individuals in question is provided as Attachment "B".

Item #8:

"On or about November 1, 2007, Russell established a campaign checking account..."

The Committee did in fact open bank accounts at First National Bank in Johnstown, PA and First Virginia Community Bank in Fairfax, VA; and just last week opened a new account with Northwest Savings Bank in Johnstown. A copy of the Committee's amended Form 1 (Statement of Organization) is provided as Attachment "C".

Conclusion:

The complaint filed by Mr. Stiles is that of a disgruntled individual who had visions of being a Campaign Manager and when that expectation was not realized; has turned to attacking the candidate and his campaign in any way possible. The only allegations that have any real merit are those related to the Committee's failure to fully report all receipts and disbursements on its Disclosure Reports. Had Mr. Stiles not taken from the campaign, information related to receipts and disbursements; and had the candidate not been called back to duty by the Army, this would not have been an issue.

Whereas, Mr. Stiles is responsible for many of the problems he has raised; and whereas the Committee has taken steps to correct those problems, the Committee requests that the matter of MUR 6024 be closed.

Sincerely.

Scott B. Mackenzie

Attachment "C"

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FEC FORM 1

STATEMENT OF ORGANIZATION

(See instructions)

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